

Message Text

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TAGS: CI PFOR US

SUBJECT: DIUGUID ARTICLE

FOLLOWING IS TEXT OF AN ARTICLE BY LEWIS H. DIUGUID DATE-
LINED SANTIAGO MARCH 31, PUBLISHED IN THE WASHINGTON
POST APRIL 1, 1973:

/ ITT HEARINGS DERAIL US- CHILE TALKS-- CHILE' S PRESIDENT
SALVADOR ALLENDE IS NOW CONVINCED THAT THE US
GOVERNMENT CONSPIRED, ALONG WITH ITT, TO PREVENT
HIS ELECTION IN 1970, ADVISERS CLOSE TO THE
PRESIDENT SAY.

AS A RESULT OF TESTIMONY AT RECENT HEARINGS IN
WASHINGTON ALLENDE REACHED THIS CONCLUSION AND
BROKE OFF IMPORTANT TALKS BETWEEN CHILE AND THE
UNITED STATES, SOURCES HERE SAID. NO DATE WAS
SET FOR THE RESUMPTION OF THE TALKS, WHICH CONCERNED
THE MAJOR OUTSTANDING PROBLEMS BETWEEN THE TWO
COUNTRIES. THE HEARINGS ON ITT' S ACTIVITIES IN
CHILE WERE HELD BY A SPECIAL SENATE SUB- COMMITTEE
INVESTIGATING THE ACTIVITIES OF MULTINATIONAL
CORPORATIONS.

UNTIL NOW, THE SOURCES HERE SAY, ALLENDE HAD
INTERPRETED THE INTERNATIONAL TELEPHONE AND
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TELEGRAPH DOCUMENTS THAT COLUMNIST JACK ANDERSON
REVEALED LAST YEAR AS IMPLICATING ONLY THE

COMPANY, EVEN THOUGH THEY REFERRED TO MEETINGS BETWEEN ITT EXECUTIVES AND THE CENTRAL INTELLIGENCE AGENCY'S TOP AGENT IN LATIN AMERICA.

THE DOCUMENTS AND LAST WEEK'S HEARINGS INDICATED THAT ITT WORKED ACTIVELY TO PREVENT THE CHILEAN CONGRESS FROM CONFIRMING THE ELECTION OF ALLENDE, A MARXIST, WHO HAD FAILED TO WIN THE POPULAR- VOTE ABSOLUTE MAJORITY NEEDED FOR OUTRIGHT ELECTION. DURING HIS CAMPAIGN ALLENDE HAD PLEDGED TO NATIONALIZE MAJOR FOREIGN HOLDINGS IN CHILE.

UN SPEECH

IN A SPEECH TO THE UN GENERAL ASSEMBLY IN DECEMBER ALLENDE BITTERLY DENOUNCED ITT AS PLOTTING AGAINST CHILE, BUT HE AVOIDED IMPLICATING THE US GOVERNMENT IN ANY SUCH ACTIVITY.

ONE ITEM FROM THE HEARINGS THAT IS SAID TO HAVE HELPED TO CONVINCE ALLENDE OF US INVOLVEMENT WAS A REPORT, NOT CONFIRMED IN THE HEARINGS, THAT THE NATIONAL SECURITY COUNCIL HAD ALLOCATED \$400,000 FOR COVERT PROPAGANDA ACTION AGAINST ALLENDE DURING THE 1970 PRESIDENTIAL CAMPAIGN.

THE REPORT, IN A WASHINGTON- DATELINED DISPATCH FROM THE CORRESPONDENT OF THE COMMUNIST PARTY NEWSPAPER EL SIGLO, WAS APPARENTLY BASED ON A QUESTION ASKED BY SUBCOMMITTEE COUNSEL JEROME LEVINSON DURING THE TESTIMONY OF EDWARD KORRY, WHO WAS US AMBASSADOR TO CHILE IN 1970.

(LEVINSON ASKED KORRY IF THE NSC HAD APPROVED THE \$400,000 FUND, BUT KORRY SAID HE COULD NOT ANSWER ANY QUESTION CONCERNING " THE ACTIVITIES OF THE CIA.")

BILATERAL TALKS

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THE US- CHILE TALKS IN WASHINGTON THAT WERE BROKEN OFF WERE MAINLY CONCERNED WITH DEBT RENEGOTIATION AND CHILE'S REFUSAL TO COMPENSATE AMERICAN COPPER COMPANIES AND ITT FOR NATIONALIZED PROPERTIES.

THE TALKS, WHICH BEGAN IN A GOOD ATMOSPHERE IN DECEMBER, RESUMED MARCH 22 JUST AS CIA AND ITT

OFFICIALS WERE TESTIFYING. THE NEXT DAY THEY

WERE SUSPENDED ANEW. MEMBERS OF THE CHILEAN NEGOTIATING TEAM SAID THAT THE HEARINGS WERE THE MAIN CAUSE.

CHILE'S AMBASSADOR TO THE UNITED STATES, ORLANDO LETELIER, WHO HEADS THE NEGOTIATING TEAM, RETURNED TO SANTIAGO THIS WEEK TO INFORM ALLENDE ON THE TALKS AND THE HEARINGS.

LETELIER IS TO GO BACK TO WASHINGTON NEXT WEEK WITH FOREIGN MINISTER CLODOMIRO ALMEYDA, WHO IS SCHEDULED TO ADDRESS A MEETING OF THE ORGANIZATION OF AMERICAN STATES, ALMEYDA IS EXPECTED TO SPELL OUT CHILEAN EFFORTS TO REACH AN AGREEMENT WITH THE UNITED STATES ON THE COPPER ISSUE, AND TO ACCUSE THE AMERICANS OF FAILING TO RESPOND.

SUCH A SPEECH WOULD BREAK THE UNDERSTANDING THAT LED TO THE TALKS, SINCE IT WAS AGREED THAT THEIR CONTENT SHOULD NOT BE REVEALED UNILATERALLY. IN EFFECT THE CHILEAN NEGOTIATORS DIVULGED THEIR POSITION IN CONVERSATIONS YESTERDAY.

1914 TREATY

THEY SAID THAT CHILE HAS OFFERED TO SUBMIT THE QUESTION OF COMPENSATION FOR THE COPPER COMPANIES TO AN INTERNATIONAL PANEL, UNDER PROVISIONS OF A 1914 TREATY WITH THE UNITED STATES.

THE HUGE COPPER MINES OF KENNECOTT AND ANACONDA WERE NATIONALIZED IN 1971 UNDER A CONSTITUTIONAL
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AMENDMENT APPROVED UNANIMOUSLY BY THE CHILEAN CONGRESS. NATIONALISM HAD REACHED SUCH A LEVEL HERE THAT EVEN THE RIGHT- WING PARTY SUPPORTED THE MOVE.

UNDER THE AMENDMENT, ALLENDE WAS AUTHORIZED TO CALCULATE THE AMOUNT OF " EXCESS PROFITS/ THE COMPANIES HAD TAKEN OUT OF THE COUNTRY AND DEDUCT THIS FROM THEIR COMPENSATION. HIS CALCULATIONS OF EXCESS PROFITS FAR EXCEEDED THE BOOK VALUE OF THE MINES, AND THE COMPANIES THEREFORE RECEIVED NO PAYMENT.

CHILE'S POSITION IN ITS NEGOTIATIONS WITH THE UNITED STATES WAS THAT ANOTHER CONSTITUTIONAL AMENDMENT WOULD BE REQUIRED FOR THE COPPER COMPANIES TO RECEIVE PAYMENT.

IF ALLENDE WERE TO ASK FOR SUCH A PAYMENT
THE DOMESTIC POLITICAL RESULTS WOULD BE
DEVASTATING. BUT THE CHILEANS ARGUED THAT
IF AN INTERNATIONAL PANEL WERE TO RULE IN FAVOR
OF THE COMPANIES, SOME PAYMENT WOULD BE
POLITICALLY FEASIBLE.

(THE MAGAZINE CHILE TODAY, WHOSE PRINCIPAL
COLUMNIST WAS A MEMBER OF THE CHILEAN DELE-
GATION TO THE TALKS, PUBLISHED AN ARTICLE
TODAY SAYING THAT THE TALKS " ENDED IN A TOTAL
IMPASSE," UPI REPORTED. THE ARTICLE SAID
THAT THE UNITED STATES " ADOPTED FROM THE VERY
BEGINNING A HOSTILE, OBSTINATE ATTITUDE WHICH
BECAME THREATENING AT THE END."

(STATE DEPARTMENT SOURCES IN WASHINGTON SAID THAT
THE UNITED STATES HAD NOT REJECTED THE IDEA OF
USING THE 1914 TREATY OR ANY OTHER MECHANISM
THAT MIGHT LEAD TO " A MUTUALLY ACCEPTABLE
SOLUTION" OF THE PROBLEMS BETWEEN THE TWO
COUNTRIES.

BUT THEY ADDED THAT THE UNITED STATES WAS NOT
INTERESTED IN ANY " COSMETIC, TIME- CONSUMING AND
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NONPRODUCTIVE DEVICES,/ AND EXPRESSED HOPE THAT
A SOLUTION COULD BE FOUND " SOONER RATHER THAN
LATER."

(THE SOURCES SAID THE UNITED STATES DID NOT
CONSIDER THE BILATERAL TALKS AT AN END AND WAS
WILLING TO RESUME THEM AT ANY TIME.

(THE SOURCES SAID THE SENATE HEARINGS DID NOT
ESTABLISH ANY WORNGDOING ON THE PART OF THE US
GOVERNMENT, AND SHOULD NOT STAND IN THE WAY
OF FINDING A SOLUTION " THAT WOULD FULLY RESPECT
THE LEGITIMATE INTEREST OF ALL PARTIES.")

ITT TAKEOVER

IN THE MEANTIME, THE CHILEAN GOVERNMENT IS
PREPARING CALCULATIONS FOR THE NATIONALIZATION
OF ITT'S MAJORITY SHARE IN THE 150 MILLION
TELEPHONE COMPANY HERE.
A CONSTITUTIONAL AMENDMENT TO ALLOW SUCH
NATIONALIZATION IS NOW GOING THROUGH THE
LENGTHY LEGISLATIVE PROCESS. TO DATE IT HAS
ALSO BEEN RECEIVING UNANIMOUS SUPPORT.

THE US POSITION, APPARENTLY, IS THAT ALLENDE

SHOULD BEGIN NOW TO SEEK AUTHORIZATION, FOR PAYMENT OF THE COPPER COMPANIES, SINCE THE PROCESS IS SLOW. THE IMPASSE OVER COPPER IS ALREADY MORE THAN TWO YEARS OLD.

DURING MOST OF THE PERIOD, CHILE HAS ACHIEVED A DE FACTO SUSPENSION OF SOME \$900 MILLION IN DEBTS TO THE UNITED STATES. BUT NEW CREDITS CHILE NEEDS IN ITS DEEPENING ECONOMIC CRISIS HAVE LONG SINCE BEEN SUSPENDED.

ANOTHER US OBJECTION TO USE OF THE 1914 TREATY IS THAT EITHER SIDE CAN REFUSE TO ACCEPT THE FINAL ARBITRATION ON THE GROUND OF OVERWHELMING NATIONAL INTEREST. CHILE'S POSITION IS THAT THE TREATY PROPOSAL IS AT LEAST AN INITIATIVE MADE IN GOOD FAITH, AND THAT IS UP TO THE UNITED STATES TO ACCEPT OR OFFER AN ALTER-
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NATIVE.

GOOD FAITH

WITH THE ITT HEARINGS NOW RAISING THE QUESTION OF GOOD FAITH ON THE PART OF THE US GOVERNMENT, THE CHILEAN TEAM INDICATED THAT IT WILL MAKE NO MOVE TO RENEW THE TALKS.

ALLENDE HAS ESTABLISHED A SPECIAL TASK FORCE TO STUDY THE WASHINGTON TESTIMONY FOR POSSIBLE FOLLOWUP IN CHILE. HE IS REPORTED TO BELIEVE THAT AMERICAN EFFORTS TO PREVENT HIS TAKING POWER WERE CARRIED OUT WITH THE CONNIVANCE OF OPPOSITION POLITICIANS HERE.

UNDER CONSIDERATION IS A PLAN TO USE THE ITT ISSUE TO CONSOLIDATE SUPPORT FOR THE PRESIDENT IN THE OPPOSITION- DOMINATED CONGRESS.

ONE OF THE IRONIES OF THE ITT CASE IS THAT THE COMPANY CONTINUES TO DO CONSIDERABLE BUSINESS HERE.

PHONE COMPANY

THE OPERATION OF IST MAJOR HOLDING, THE PHONE COMPANY, WAS TAKEN OVER BY THE GOVERNMENT IN 1971. COMPANY AND CHILEAN GOVERNMENT SOURCES ALIKE INDICATED THAT THEY WERE NEAR AGREEMENT ON THE COMPENSATION WHEN THE ANDERSON DOCUMENTS WERE PRINTED, AND THE CHILEANS BROKE OFF NEGOTIATIONS.

WHEN THE DOCUMENTS CAME OUT, ALLENDE
SAID PRIVATELY, " THIS IS THE FIRST CIA PLOT THAT
BENEFITED THE VICTIM." INDEED THE SEEMING
CONFIRMATION OF RELENTLESS MARXIST CHARGES
AGAINST THE IMPERIALISTS WAS A POLITICAL WINDFALL
FOR THE PRESIDENT.

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ALLENDE ORDERED THE DOCUMENTS PRINTED IN BOOK
FORM, AND THE BOOK BECAME A BEST- SELLER OVER-
NIGHT. THEN ALLENDE ANNOUNCED AT A HUGE RALLY
THAT THE GOVERNMENT WOULD " EXPROPRIATE THE
ITT."

LATER HE CLARIFIED HIS STATEMENT, SAYING THAT
ONLY THE PHONE COMPANY WAS INVOLVED. OTHER
ITT PROPERTIES HERE ARE TWO HOTELS, AVIS
CAR RENTALS, A SMALL INTERNATIONAL TELEX
SERVICE, AND A PHONE EQUIPMENT PLANT.
RUSH

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